

**HOUSE BILL NO. 37**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE WOOL

Introduced: 2/18/21

Referred: House Special Committee on Ways and Means, State Affairs, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act relating to deposits into the dividend fund; relating to income of and**  
2   **appropriations from the earnings reserve account; relating to the taxation of income of**  
3   **individuals, partners, shareholders in S corporations, trusts, and estates; relating to a**  
4   **payment against the individual income tax from the permanent fund dividend**  
5   **disbursement; repealing tax credits applied against the tax on individuals under the**  
6   **Alaska Net Income Tax Act; and providing for an effective date."**

7   **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8    \* **Section 1.** AS 37.05.565(a) is amended to read:

9           (a) There is established in the general fund the Alaska capital income fund  
10       consisting of money **appropriated** [DEPOSITED TO THE FUND UNDER  
11       AS 37.13.145(d) AND OF APPROPRIATIONS] to the fund. The fund shall be  
12       invested by the Department of Revenue to yield competitive market rates as provided  
13       in AS 37.10.071. Income earned on money in the fund may be appropriated to the

1 fund.

2 \* **Sec. 2.** AS 37.13.010(a) is amended to read:

3 (a) Under art. IX, sec. 15, of the state constitution, there is established as a  
4 separate fund the Alaska permanent fund. The Alaska permanent fund consists of

5 (1) 25 percent of all mineral lease rentals, royalties, royalty sale  
6 proceeds, **bonuses**, net profit shares under AS 38.05.180(f) and (g), and federal  
7 mineral revenue sharing payments received by the state [FROM MINERAL LEASES  
8 ISSUED ON OR BEFORE DECEMBER 1, 1979, AND 25 PERCENT OF ALL  
9 BONUSES RECEIVED BY THE STATE FROM MINERAL LEASES ISSUED ON  
10 OR BEFORE FEBRUARY 15, 1980;

11 (2) 50 PERCENT OF ALL MINERAL LEASE RENTALS,  
12 ROYALTIES, ROYALTY SALE PROCEEDS, NET PROFIT SHARES UNDER  
13 AS 38.05.180(f) AND (g), AND FEDERAL MINERAL REVENUE SHARING  
14 PAYMENTS RECEIVED BY THE STATE FROM MINERAL LEASES ISSUED  
15 AFTER DECEMBER 1, 1979, AND 50 PERCENT OF ALL BONUSES RECEIVED  
16 BY THE STATE FROM MINERAL LEASES ISSUED AFTER FEBRUARY 15,  
17 1980]; and

18 **(2)** [(3)] any other money appropriated to or otherwise allocated by  
19 law or former law to the Alaska permanent fund.

20 \* **Sec. 3.** AS 37.13.140(b) is amended to read:

21 (b) The corporation shall determine the amount available for appropriation  
22 each year. The amount available for appropriation is 5.25 percent of the average  
23 market value of the fund for the first five of the preceding six fiscal years, including  
24 the fiscal year just ended, computed annually for each fiscal year in accordance with  
25 generally accepted accounting principles. In this subsection, "average market value of  
26 the fund" includes the balance of the earnings reserve account established under  
27 AS 37.13.145. **The amount available for appropriation may not exceed the**  
28 **balance in the earnings reserve account described in AS 37.13.145** [, BUT DOES  
29 NOT INCLUDE THAT PORTION OF THE PRINCIPAL ATTRIBUTED TO THE  
30 SETTLEMENT OF STATE V. AMERADA HESS, ET AL., 1JU-77-847 CIV.  
31 (SUPERIOR COURT, FIRST JUDICIAL DISTRICT)].

1 \* **Sec. 4.** AS 37.13.140(b), as amended by sec. 2, ch. 16, SLA 2018, is amended to read:

2 (b) The corporation shall determine the amount available for appropriation  
3 each year. The amount available for appropriation is five percent of the average  
4 market value of the fund for the first five of the preceding six fiscal years, including  
5 the fiscal year just ended, computed annually for each fiscal year in accordance with  
6 generally accepted accounting principles. In this subsection, "average market value of  
7 the fund" includes the balance of the earnings reserve account established under  
8 AS 37.13.145. **The amount available for appropriation may not exceed the**  
9 **balance in the earnings reserve account described in AS 37.13.145** [, BUT DOES  
10 NOT INCLUDE THAT PORTION OF THE PRINCIPAL ATTRIBUTED TO THE  
11 SETTLEMENT OF STATE V. AMERADA HESS, ET AL., 1JU-77-847 CIV.  
12 (SUPERIOR COURT, FIRST JUDICIAL DISTRICT)].

13 \* **Sec. 5.** AS 37.13.145(b) is amended to read:

14 (b) **Each** [AT THE END OF EACH] fiscal year, the **legislature may make**  
15 **the following appropriations** [CORPORATION SHALL TRANSFER] from the  
16 earnings reserve account:

17 **(1) an amount equal to 20 percent of the amount available for**  
18 **appropriation under AS 37.13.140(b)** to the dividend fund established under  
19 AS 43.23.045;

20 **(2) an amount equal to 80 percent of the amount available for**  
21 **appropriation under AS 37.13.140(b) to the general fund** [, 50 PERCENT OF THE  
22 INCOME AVAILABLE FOR DISTRIBUTION UNDER AS 37.13.140].

23 \* **Sec. 6.** AS 37.13.145(c) is amended to read:

24 (c) After the **appropriations made** [TRANSFER] under (b) [AND AN  
25 APPROPRIATION UNDER (e)] of this section, the **legislature may appropriate**  
26 [CORPORATION SHALL TRANSFER] from the earnings reserve account to the  
27 principal of the fund an amount sufficient to offset the effect of inflation on the  
28 principal of the fund during that fiscal year. [HOWEVER, NONE OF THE AMOUNT  
29 TRANSFERRED SHALL BE APPLIED TO INCREASE THE VALUE OF THAT  
30 PORTION OF THE PRINCIPAL ATTRIBUTED TO THE SETTLEMENT OF  
31 STATE V. AMERADA HESS, ET AL., 1JU-77-847 CIV. (SUPERIOR COURT,

FIRST JUDICIAL DISTRICT) ON JULY 1, 2004.] The corporation shall calculate the amount to **appropriate** [TRANSFER] to the principal under this subsection by

(1) computing the average of the monthly United States Consumer Price Index for all urban consumers for each of the two previous calendar years;

(2) computing the percentage change between the first and second calendar year average; and

(3) applying that rate to the value of the principal of the fund on the last day of the fiscal year just ended [, INCLUDING THAT PORTION OF THE PRINCIPAL ATTRIBUTED TO THE SETTLEMENT OF STATE V. AMERADA HESS, ET AL., 1JU-77-847 CIV. (SUPERIOR COURT, FIRST JUDICIAL DISTRICT)].

\* **Sec. 7.** AS 37.13.150 is amended to read:

**Sec. 37.13.150. Corporation budget.** The revenue generated by the fund's investments must be identified as the source of the operating budget of the corporation in the state's operating budget under AS 37.07 (Executive Budget Act). The unexpended balance of the corporation's annual operating budget does not lapse at the end of the fiscal year but shall be treated as [INCOME AND] part of the market value of the fund under AS 37.13.140.

\* **Sec. 8.** AS 37.13.300(c) is amended to read:

(c) Net income from the mental health trust fund may not be included in the computation of [NET INCOME OR] market value available for [DISTRIBUTION OR] appropriation under AS 37.13.140.

\* **Sec. 9.** AS 43.05.045(a) is amended to read:

(a) **Except as provided in AS 43.22.075(h), or unless** [UNLESS] an exemption is granted under (b) of this section, a taxpayer required to submit a return or report for a tax levied under this title or for any other tax administered by the department shall submit the return or report electronically in a format prescribed by the department. Failure to comply with this section may result in a civil penalty under AS 43.05.220(f). If a law under this title requires a report or return or a portion of a report or return to be in writing, an electronically filed report or return satisfies this section. A taxpayer shall submit attachments to a report or return required under this

1 title electronically.

2 \* **Sec. 10.** AS 43 is amended by adding a new chapter to read:

3 **Chapter 22. Income Tax.**

4 **Sec. 43.22.010. Income tax on individuals.** (a) Each calendar year or fraction  
5 of a calendar year, an income tax is imposed on the income of a

6 (1) resident individual, trust, or estate;

7 (2) nonresident individual, trust, or estate that is derived from or  
8 connected with a source in the state.

9 (b) The tax under this section for an individual or individuals filing jointly is  
10 2.5 percent of taxable income.

11 (c) Two resident individuals who file a joint federal income tax return may  
12 determine the tax imposed by this chapter jointly under this section.

13 (d) Two individuals who file a joint federal income tax return both or one of  
14 whom is not a resident may elect to determine the tax imposed by this chapter either

15 (1) individually; or

16 (2) jointly as if both individuals were residents; the income of the  
17 individuals filing jointly under this paragraph is not subject to the calculation under  
18 AS 43.22.015.

19 **Sec. 43.22.015. Calculation of tax on a nonresident individual.** (a) Except as  
20 otherwise provided in (b) of this section, the tax on a nonresident individual is the  
21 product of

22 (1) the tax determined under AS 43.22.010(b) on the nonresident  
23 individual's taxable income computed as if the nonresident individual were a resident  
24 individual but taking a reduction under AS 43.22.030(b)(2); and

25 (2) a fraction, the

26 (A) numerator of which is the nonresident individual's income  
27 taxable under AS 43.22.045; and

28 (B) denominator of which is the nonresident individual's  
29 taxable income computed as if the nonresident individual were a resident  
30 individual.

31 (b) If a nonresident individual's taxable income computed under (a)(2)(B) of

1 this section is less than the nonresident individual's income taxable under (a)(2)(A) of  
 2 this section, the tax imposed by this chapter is on the nonresident individual's taxable  
 3 income as computed under AS 43.22.045.

4 **Sec. 43.22.020. Tax on trusts and estates.** (a) A tax is imposed for each  
 5 taxable year or portion of a taxable year on the taxable income of a resident or  
 6 nonresident trust or estate. The tax under this section for a trust or estate is 2.5 percent  
 7 of taxable income.

8 (b) In this section, the taxable income of a nonresident trust or estate is the  
 9 income of the trust or estate that is derived from or connected with a source in the  
 10 state.

11 (c) A trust is not subject to tax under this chapter if

12 (1) all of the trustees of the trust are nonresidents;

13 (2) the entire corpus of the trust, including real, tangible, and  
 14 intangible property, is located outside the state; and

15 (3) no income or gains of the trust are derived from or connected with  
 16 a source in the state.

17 (d) For purposes of (c)(1) of this section, a trustee that is a nonresident  
 18 banking corporation at the time the banking corporation becomes a trustee is a  
 19 nonresident trustee even if the banking corporation later becomes a resident trustee  
 20 because it is acquired by or becomes an office or branch of a resident trustee.

21 (e) A trust that is exempt from federal income tax because of its purpose or  
 22 activities is not subject to tax under this chapter.

23 (f) A special needs trust or other trust established to provide solely for the  
 24 housing, living expenses, or medical care of a disabled beneficiary is not subject to tax  
 25 under this chapter. In this subsection,

26 (1) "disabled beneficiary" means an individual who has

27 (A) a physical or mental impairment that substantially limits  
 28 one or more major life activities; or

29 (B) a condition that may require the use of a prosthesis, special  
 30 equipment for mobility, or a service animal;

31 (2) "special needs trust" has the meaning given in AS 13.36.215(b).

**Sec. 43.22.025. Credit for income taxes imposed by other jurisdictions. (a)**

A resident individual, trust, or estate or part-year resident individual, trust, or estate is allowed a credit against the tax due under this chapter for an income tax that was imposed on the resident or part-year resident for the taxable year by another state or the political subdivision of another state on income derived from or connected with that state or political subdivision.

(b) A credit allowed under (a) of this section

(1) for a resident individual, trust, or estate may not exceed the individual's, trust's, or estate's tax due under this chapter before credits are applied, multiplied by a fraction, the numerator of which is the portion of the individual's, trust's, or estate's taxable income that is derived from or connected with a source in another state or the political subdivision of another state and the denominator of which is the resident individual's, trust's, or estate's taxable income;

(2) for a part-year resident individual, trust, or estate may not exceed the individual's, trust's, or estate's tax due for the period of state residency before credits are applied, multiplied by a fraction, the numerator of which is the individual's, trust's, or estate's taxable income derived from or connected with a source in another state or the political subdivision of another state during the period of state residency and the denominator of which is the part-year resident individual's, trust's, or estate's taxable income during the period of state residency;

(3) may not reduce the tax due under this chapter to less than the tax that would have been due if the income derived from or connected with a source in another state or the political subdivision of another state and subject to taxation by the other state or political subdivision had been excluded from the resident or part-year resident individual's, trust's, or estate's taxable income during the calculation of tax under this chapter before the application of credits.

(c) If the tax administration of another state or a political subdivision of another state determines that a taxpayer has overpaid tax, affecting the computation of the credit allowed under this section for any taxable year, the taxpayer shall file an amended return with the department not later than 90 days after the final determination by the state or political subdivision that the tax was overpaid. The department may

1 assess a taxpayer additional tax, proportional to the amount overpaid in the other state  
2 or political subdivision.

3 (d) A taxpayer is not allowed a credit under this section for taxes paid to  
4 another jurisdiction if the taxpayer claims a credit against the income tax imposed by  
5 the other jurisdiction for the tax payable under this chapter.

6 (e) Income tax imposed on a partner or the shareholder of an S corporation on  
7 the income of the partnership or S corporation, including tax paid by the partnership or  
8 S corporation to satisfy the tax liability of the partner or shareholder, may be included  
9 in the calculation of a credit under this section. Tax imposed on the partnership or S  
10 corporation that is the direct liability of the partnership or S corporation and not that of  
11 the partner or shareholder may not be included in the calculation of a credit under this  
12 section.

13 **Sec. 43.22.030. Taxable income; general rule.** (a) In this chapter, taxable  
14 income is the taxpayer's federal adjusted gross income for the taxable year

15 (1) plus, if not already included in federal adjusted gross income,

16 (A) interest on obligations of another state, a political  
17 subdivision of another state, the public instrumentality of another state, or the  
18 local authority of another state;

19 (B) a loss on the sale or exchange of an obligation issued by or  
20 on behalf of

21 (i) the state;

22 (ii) a municipality of the state; or

23 (iii) a public instrumentality, public authority, or public  
24 corporation created under state law;

25 (C) a loss from the sale or exchange of shares in a unit  
26 investment trust if the loss is attributable to an obligation issued by or on  
27 behalf of

28 (i) the state;

29 (ii) a municipality of the state; or

30 (iii) a public instrumentality, public authority, or public  
31 corporation created under state law;



1 (D) interest or dividends on obligations or securities issued by  
 2 the United States, or an authority, commission, or instrumentality of the United  
 3 States, that the Internal Revenue Code exempts from federal income tax;

4 (E) income taxes under this chapter;

5 (F) a gain realized but not recognized under 26 U.S.C. 1031  
 6 (Internal Revenue Code);

7 (G) a deduction allowed in the determination of federal  
 8 adjusted gross income that is directly or indirectly related to income that is not  
 9 taxable under this chapter; and

10 (H) income of an incomplete gift nongrantor trust to which a  
 11 taxpayer transferred property, less deductions of the trust, if

12 (i) the income and deductions of the trust would be  
 13 taken into account in computing the taxpayer's federal taxable income  
 14 if the trust in its entirety was treated as a grantor trust under the Internal  
 15 Revenue Code;

16 (ii) the trust is a resident trust;

17 (iii) the trust does not qualify as a grantor trust under 26  
 18 U.S.C. 671 - 679 (Internal Revenue Code); and

19 (iv) the grantor's transfer of assets to the trust is treated  
 20 as an incomplete gift under 26 U.S.C. 2511 (Internal Revenue Code);

21 (2) minus, if included in federal adjusted gross income,

22 (A) interest income or a dividend from an obligation that is  
 23 exempt from taxation by a state under federal law;

24 (B) a refund or credit for the overpayment of an income tax;

25 (C) an ordinary and necessary expense, including an interest  
 26 expense, paid or incurred during the taxable year, that is directly or indirectly  
 27 related to income exempt under the Internal Revenue Code but taxable by the  
 28 state;

29 (D) a gain recognized under 26 U.S.C. 1031 (Internal Revenue  
 30 Code) that was included in federal adjusted gross income under (1) of this  
 31 subsection;

(E) income exempt under 4 U.S.C. 114;

(F) compensation prohibited from state taxation by 50 U.S.C. 3901 - 4043 (Servicemembers Civil Relief Act);

(G) a gain from the sale or exchange of an obligation issued by or on behalf of

(i) the state;

(ii) a municipality of the state; or

(iii) a public instrumentality, public authority, or public corporation created under state law;

(H) a permanent fund dividend received by the taxpayer or the taxpayer's dependent under AS 43.23.

(b) In addition to the adjustments made to taxable income under (a) of this section, a taxpayer may receive a reduction from federal adjusted gross income. The reduction under this subsection for

(1) an individual resident taxpayer is \$10,000;

(2) two resident taxpayers filing jointly is \$20,000;

(3) an individual nonresident is the product of \$10,000 and a fraction, the numerator of which is the nonresident individual's income taxable under AS 43.22.045, computed without the reduction under this subsection, and the denominator of which is the nonresident individual's taxable income computed as if the nonresident individual were a resident individual and without the reduction under this subsection; the reduction under this paragraph may not exceed \$10,000 for each exemption claimed;

(4) two nonresident individuals filing jointly is the product of \$20,000 and a fraction, the numerator of which is the nonresident individuals' income taxable under AS 43.22.045, computed without the reduction under this subsection, and the denominator of which is the nonresident individuals' taxable income computed as if the nonresident individuals were resident individuals and without the reduction under this subsection; the reduction under this paragraph may not exceed \$20,000 for each exemption claimed.

(c) The reduction under (b) of this section may not

(1) be claimed by a trust;

(2) reduce a taxpayer's tax liability under this chapter to below zero.

(d) When calculating taxable income, a taxpayer

(1) may not carry back a net operating loss under 26 U.S.C. 172(b)(1)(A)(i) (Internal Revenue Code);

(2) may carry over a net operating loss under 26 U.S.C. 172(b)(1)(A)(ii) (Internal Revenue Code), except that a loss may not be carried over for more than five years; for a taxpayer subject to AS 43.19 (Multistate Tax Compact), the amount of a net operating loss allowed to be carried over is limited to the amount apportioned to the state in the taxable year in which the loss was generated under AS 43.19 (Multistate Tax Compact);

(3) shall include the modifications required by AS 43.20.144(b)(2), concerning intangible drilling and development costs, AS 43.20.144(b)(3), concerning percentage depletion, and AS 43.20.144(b)(4), concerning depreciation.

**Sec. 43.22.035. Taxable income from partnerships and S corporations. (a)**

A partner or shareholder shall make an adjustment described in AS 43.22.030 to income or a gain, loss, or deduction from a partnership or S corporation in proportion to a partner's distributive share of a partnership or a shareholder's pro rata share of an S corporation. If a partner's distributive share or a shareholder's pro rata share of an adjustment is not required to be accounted for separately for federal income tax purposes, the partner's or shareholder's share of the adjustment must be determined in proportion to the partner's or shareholder's share of partnership or S corporation income or losses for federal income tax purposes.

(b) In determining taxable income, a partner or shareholder shall treat income or a gain, loss, or deduction from a partnership or S corporation as if it has the same character as it does for federal income tax purposes. If income or a gain, loss, or deduction from a partnership or S corporation is not accounted for separately for federal income tax purposes, a partner or shareholder shall treat the income, gain, loss, or deduction as if it were realized directly from the source from which it was realized by the partnership or S corporation or incurred in the same manner it was incurred by the partnership or S corporation.

(c) If the principal purpose of a special allocation of partnership income or a gain, loss, or deduction is the evasion of tax under this chapter, the partner's distributive share is determined as if the partnership agreement did not have the special allocation. In this subsection, "special allocation" means an allocation of the distributive share of partnership income or a gain, loss, or deduction made under the partnership agreement to a partner in a proportion different than the partner's partnership interest.

**Sec. 43.22.040. Taxable income of an estate, trust, or beneficiary.** (a) The taxable income of an estate or trust is determined as if the estate or trust were an individual and is subject to adjustments under AS 43.22.030 and reduction under 26 U.S.C. 661 (Internal Revenue Code). The department may establish in regulation the method for determining the taxable income of an estate or trust, including the manner in which the adjustments under AS 43.22.030 will be allocated between the estate's or trust's taxable share and a beneficiary's distributive share. Unless otherwise provided by the department in regulation, an allocation must be made in proportion to the estate's or trust's taxable share or the beneficiary's distributive share of the trust or estate for federal income tax purposes.

(b) If the principal purpose of a provision of an instrument directing the distribution of income or a gain, loss, or deduction of an estate or trust is the evasion of tax under this chapter, the taxable income of the estate, trust, or beneficiary will be determined as if the instrument did not contain the provision.

**Sec. 43.22.045. Nonresident individuals; income derived from or connected with a source in the state.** (a) The taxable income of a nonresident individual is the nonresident individual's income derived from or connected with a source in the state, as adjusted under AS 43.22.030. The taxable income of a nonresident individual includes

(1) a partner's distributive share of income or a gain, loss, or deduction of the partnership, as determined under AS 43.22.050;

(2) a shareholder's pro rata share of an S corporation's income or loss, increased by the reductions for taxes described in 26 U.S.C. 1366(f)(2) and (3) (Internal Revenue Code), as determined under AS 43.22.050;

1 (3) income or loss of a business conducted by a nonresident individual,  
 2 nonresident estate, or nonresident trust, other than income or loss from a partnership or  
 3 S corporation, as determined under AS 43.22.050;

4 (4) estate or trust income or a gain, loss, or deduction of the estate or  
 5 trust, as determined under AS 43.22.055;

6 (5) income or a gain, loss, or deduction from the sale or assignment of  
 7 a beneficial interest, or other disposition of an interest in tangible personal property in  
 8 the state, or rental income or loss from the use of tangible personal property in the  
 9 state; if the income, gain, loss, or deduction is from tangible personal property used or  
 10 employed both in and outside the state, the amount included in taxable income is  
 11 determined by multiplying the income, gain, loss, or deduction by a fraction, the  
 12 numerator of which is the number of days during which the property was used or  
 13 employed to earn, accrue, or incur the income, gain, loss, or deduction in the state and  
 14 the denominator of which is the total number of days during the taxable year that the  
 15 property was used or employed to earn, accrue, or incur the income, gain, loss, or  
 16 deduction;

17 (6) income or a gain, loss, or deduction from the sale, assignment, or  
 18 other disposition of an interest in real property in the state, or rental income or loss  
 19 from the use of real property in the state, including the percentage of ordinary and  
 20 capital gains received from a real estate investment trust, as defined in 26 U.S.C. 856  
 21 (Internal Revenue Code), that is attributable to rents from or sale or other disposition  
 22 of real property located in the state; in this paragraph, income or a gain, loss, or  
 23 deduction from the sale, assignment of a beneficial interest, or other disposition of real  
 24 property in the state includes income or a gain, loss, or deduction derived from the sale  
 25 or assignment of a beneficial interest in a partnership, S corporation, nonpublicly  
 26 traded C corporation with 100 or fewer shareholders, estate, or trust, if the entity owns  
 27 real property in the state that has a fair market value equal to or exceeding 50 percent  
 28 of all assets of the entity on the date of sale, assignment, or other disposition of the  
 29 taxpayer's interest in the entity; for purposes of this paragraph,

30 (A) only assets owned for at least two years before the date of  
 31 the sale, assignment, or other disposition of an interest in the entity shall be

1 used to determine the fair market value of all of the assets of the entity on the  
2 date of sale, assignment, or other disposition; and

3 (B) the amount of income or a gain, loss, or deduction derived  
4 from or connected with a source in the state from the sale, assignment, or other  
5 disposition of an interest in an entity that is subject to the provisions of this  
6 paragraph is the amount recognized for federal income tax purposes related to  
7 the sale, assignment, or disposition, multiplied by a fraction, the numerator of  
8 which is the fair market value of the real property located in the state on the  
9 date of sale, assignment, or disposition and the denominator of which is the fair  
10 market value of all of the assets of the entity on the date of the sale,  
11 assignment, or disposition;

12 (7) compensation, salary, or wages for personal services rendered or  
13 performed in the state that are derived from a business, trade, profession, occupation,  
14 or employment carried on in the state; for purposes of this paragraph, personal  
15 services

16 (A) except as otherwise provided in (B) of this paragraph,  
17 include services performed

18 (i) in connection with presenting or receiving  
19 employment-related training or education in the state;

20 (ii) in connection with a site inspection, review,  
21 analysis, or management or any other supervision of a facility located  
22 in the state;

23 (iii) in connection with research and development at a  
24 facility located in the state or in connection with the installation of new  
25 or upgraded equipment or systems at that facility;

26 (iv) as part of a project team working on the attraction  
27 or implementation of new investment in a facility located or planned to  
28 be located in the state;

29 (v) in connection with fishing, farming, or agriculture in  
30 the state; or

31 (vi) for the federal government;

1 (B) do not include services that are casual, isolated,  
2 inconsequential, or ancillary to out-of-state services;

3 (8) income derived from a business, trade, profession, occupation, or  
4 employment carried on in the state, including income

5 (A) received under a covenant not to compete, a severance  
6 agreement, a termination agreement, or unemployment compensation  
7 insurance attributable to a business, trade, profession, occupation, or  
8 employment previously carried on in the state, regardless of when received;

9 (B) derived from a business, trade, profession, occupation, or  
10 employment carried on in the state by an individual who maintains or operates  
11 an office, shop, store, warehouse, boat, plane, factory, agency, or other place  
12 where the individual's affairs are systematically and regularly carried on,  
13 regardless of other transactions carried on outside the state; this subparagraph  
14 does not include income from an activity of an individual whose presence in  
15 the state is casual, isolated, inconsequential, or ancillary to out-of-state  
16 activities, except that, if a business, trade, profession, occupation, or  
17 employment is carried on partly in and partly outside the state, other than for  
18 the rendering of purely personal services by the individual, the taxable income  
19 derived from or connected with a source in the state is determined under  
20 AS 43.19 (Multistate Tax Compact) and AS 43.22.030;

21 (9) income from the management or investment function or activities  
22 conducted in the state from intangible property;

23 (10) dividends, interest, payments received under an annuity, gains, or  
24 other intangible income received from, or attributable to, intangible personal property,  
25 including stock, bonds, notes, bank deposits, or annuities, if the intangible personal  
26 property is employed in a business, trade, profession, occupation, or employment  
27 carried on in the state;

28 (11) a gain derived from a statutory stock option, restricted stock,  
29 nonstatutory stock option, or stock appreciation right by a nonresident individual who,  
30 at the time the gain is received, performs services in the state for or is employed in the  
31 state by the corporation granting the option, stock, or right, as determined in

1 regulations adopted by the department;

2 (12) income from nonqualified deferred compensation plans  
3 attributable to services performed in the state, including compensation included in  
4 federal gross income under 26 U.S.C. 457A (Internal Revenue Code);

5 (13) proceeds from a gambling activity conducted in the state or lottery  
6 tickets purchased in the state, including payments received from a third party for the  
7 transfer of the rights to future proceeds related to a gambling activity in the state or  
8 lottery tickets purchased in the state;

9 (14) for an S corporation that terminates its taxable status in the state  
10 during the tax year, income or a gain recognized on the receipt of payments from an  
11 installment sale contract entered into at the time the S corporation was subject to tax in  
12 the state, allocated in a manner consistent with the applicable methods and rules under  
13 this chapter;

14 (15) royalties or other compensation received for the use of a patent,  
15 copyright, secret process or formula, good will, mark, trade brand, franchise, or other  
16 property having a taxable or business situs in the state;

17 (16) royalties or other compensation received for the use of a patent if  
18 the patent is employed in production, fabrication, manufacturing, or other process in  
19 the state;

20 (17) income or a gain from the disposition of an asset if the  
21 acquisition, management, or disposition of the asset constitutes an integral part of the  
22 nonresident individual's regular trade or business operation;

23 (18) income from the transmission, broadcast, distribution, or  
24 dissemination of a service directly or indirectly attributable to the performance in the  
25 state of an athlete, entertainer, singer, musician, dancer, comedian, magician,  
26 performing artist, actor, actress, or similar person, including syndication fees.

27 (b) A deduction included in taxable income that results from a capital loss,  
28 passive activity loss, or net operating loss must be based solely on income or a gain,  
29 loss, or deduction derived from or connected with a source in the state. A nonresident  
30 individual shall treat a deduction under this subsection in the same manner as the  
31 corresponding federal deduction, unless the department requires otherwise in



1 regulation.

2 **Sec. 43.22.050. Business conducted by a nonresident individual, trust, or**  
 3 **estate; income derived from or connected with a source in the state.** (a) The  
 4 department shall adopt regulations governing the amount of income or the amount of a  
 5 gain, loss, or deduction from a business conducted by a nonresident individual, trust,  
 6 or estate that is derived from or connected with a source in the state for purposes of  
 7 determining taxable income. Regulations adopted under this subsection must be  
 8 consistent with AS 43.19 (Multistate Tax Compact) and AS 43.22.045 and include  
 9 adjustments under AS 43.22.030.

10 (b) The department shall adopt regulations governing the amount of income or  
 11 the amount of a gain, loss, or deduction that is derived from or connected with a  
 12 source in the state and is included in a nonresident

13 (1) partner's distributive share for purposes of taxation under this  
 14 chapter;

15 (2) shareholder's pro-rata share of an S corporation for purposes of  
 16 taxation under this chapter.

17 (c) The department may by regulation require a taxpayer to allocate rather  
 18 than apportion income or a gain, loss, or deduction under this section.

19 **Sec. 43.22.055. Nonresident trust, estate, or beneficiary; income derived**  
 20 **from or connected with a source in the state.** (a) The department shall adopt  
 21 regulations governing whether income or a gain, loss, or deduction of a nonresident  
 22 estate or nonresident trust is included in taxable income derived from or connected  
 23 with a source in the state. Regulations adopted under this subsection must be  
 24 consistent with the remainder of this section and AS 43.22.045.

25 (b) A nonresident beneficiary shall include in taxable income derived from or  
 26 connected with a source in the state a distribution from an estate or trust as if the  
 27 nonresident beneficiary earned or incurred the income or a gain, loss, or deduction  
 28 attributable to the distribution directly from the source. For purposes of this  
 29 subsection, the department may establish one or more methods for a nonresident  
 30 beneficiary to determine whether income or a gain, loss, or deduction is attributable to  
 31 a distribution. The department shall consistently apply a method from year to year and

1 apply the same method to other nonresident beneficiaries of the same trust or estate.  
 2 Nothing in this subsection requires the department to give effect to a provision of an  
 3 instrument creating an estate or trust if the department reasonably believes that the  
 4 principal purpose of the provision is to evade the tax imposed under this chapter.

5 **Sec. 43.22.060. Part-year resident individual, trust, or estate; residency**  
 6 **income; income derived from or connected with a source in the state.** (a) Except as  
 7 otherwise provided in this section, the taxable income of a part-year resident  
 8 individual, trust, or estate is the sum of

9 (1) the taxable income of the part-year resident individual, trust, or  
 10 estate during the period of residency; and

11 (2) the taxable income derived from or connected with a source in the  
 12 state for the period of nonresidency of the individual, trust, or estate.

13 (b) The department shall adopt regulations to determine the taxable income of  
 14 a part-year resident taxpayer who is granted a statutory stock option, restricted stock,  
 15 nonstatutory stock option, or a stock appreciation right and who, during the grant  
 16 period, performs services in the state for, or is employed in the state by, the  
 17 corporation granting the option, stock, or right.

18 **Sec. 43.22.065. Personal service corporations and S corporations formed**  
 19 **or used to evade income tax.** (a) The department may allocate all income,  
 20 deductions, credits, exclusions, and other allowances between a personal service  
 21 corporation or S corporation and its employee-owners if the

22 (1) personal service corporation or S corporation performs  
 23 substantially all of its services for or on behalf of another corporation, partnership, or  
 24 other entity and the effect is the evasion of income tax; and

25 (2) allocation is necessary to reflect the source and amount of the  
 26 income, regardless of whether the corporation is otherwise taxable.

27 (b) For purposes of this section, evasion of income tax occurs when a personal  
 28 service corporation or S corporation is used to

29 (1) reduce the taxable income of a resident or the taxable income of a  
 30 nonresident derived from or connected with a source in the state; or

31 (2) secure the benefit of an expense, deduction, credit, exclusion, or

1 other allowance for any employee-owner that would not otherwise apply under this  
2 chapter.

3 (c) The constructive ownership of stock rules under 26 U.S.C. 318 (Internal  
4 Revenue Code) apply to this section, except that "5 percent" shall be substituted for  
5 "50 percent" in 26 U.S.C. 318(a)(2)(C) (Internal Revenue Code).

6 (d) In this section, all persons specified in 26 U.S.C. 267(b) (Internal Revenue  
7 Code) shall be treated as one entity.

8 (e) In this section,

9 (1) "employee-owner" means any employee who owns, on any day  
10 during the taxable year, more than 10 percent of the outstanding stock of a personal  
11 service corporation or S corporation;

12 (2) "personal service corporation" means a corporation whose principal  
13 activity is the performance of personal services that are substantially performed by the  
14 employee-owners of the corporation.

15 **Sec. 43.22.070. Determination of taxable year and method of accounting.**

16 (a) For purposes of the tax imposed under this chapter, a taxpayer's

17 (1) taxable year is the same as the taxpayer's taxable year for federal  
18 income tax purposes; and

19 (2) method of accounting is the same as the taxpayer's method of  
20 accounting for federal income tax purposes.

21 (b) The department shall adopt regulations to determine the taxable income of  
22 a taxpayer whose method of accounting changes during a taxable year or between  
23 taxable years.

24 **Sec. 43.22.075. Returns and payment of taxes.** (a) A taxpayer shall file with  
25 the department a return setting out

26 (1) the amount of tax due under this chapter; and

27 (2) other information necessary to carry out this chapter, as required by  
28 the department in regulation.

29 (b) A person required to file a return under this chapter shall file the return on  
30 a form or in a format prescribed by the department. The return is due to the department  
31 at the same time and in the same manner, including extensions, as the taxpayer's

1 federal income tax return to the United States Internal Revenue Service. A return filed  
2 under this chapter must be made under oath and on penalty of perjury.

3 (c) The total amount of tax imposed by this chapter is due and payable to the  
4 department at the same time and in the same manner as the federal individual income  
5 tax payable to the United States Internal Revenue Service.

6 (d) A taxpayer, upon request by the department, shall furnish to the  
7 department a true and correct copy of a return that the taxpayer has filed with the  
8 United States Internal Revenue Service.

9 (e) A taxpayer shall notify the department in writing of an alteration in, or  
10 modification of, the taxpayer's federal income tax return and of a recomputation of tax  
11 or determination of deficiency, whether with or without assessment. A full statement  
12 of the facts must accompany the notice. A taxpayer shall file the notice not later than  
13 60 days after the final determination of the alteration, modification, recomputation, or  
14 deficiency and shall pay any additional tax due under this chapter at that time. In this  
15 subsection, "final determination" means the time that an amended federal return is  
16 filed, a notice of deficiency or an assessment is mailed to the taxpayer by the Internal  
17 Revenue Service, and the taxpayer has exhausted rights of appeal under federal law.

18 (f) The department may credit or refund overpayments of taxes, taxes  
19 erroneously or illegally assessed or collected, penalties collected without authority,  
20 and taxes that are found unjustly assessed or excessive in amount, or otherwise  
21 wrongfully collected. The department shall, in regulation, set limitations, specify the  
22 manner in which claims for credits or refunds are made, and give notice of allowance  
23 or disallowance. When a refund is allowed to a taxpayer, the refund may be paid out  
24 of the general fund on a warrant issued under a voucher approved by the department.

25 (g) A partnership, S corporation, estate, or trust shall provide to its partners,  
26 beneficiaries, or shareholders, and to the department, all information necessary for its  
27 partners, beneficiaries, and shareholders to comply with this chapter.

28 (h) An individual is not required to file a return under this section  
29 electronically, but a person employed to prepare and file an income tax return for an  
30 individual shall file the return for that individual electronically.

31 (i) The department shall adopt regulations that set out requirements for a

1 spouse, upon request, to be partially or fully relieved from joint and several liability  
 2 resulting from the joint filing of a tax return.

3 **Sec. 43.22.080. Tax withholding on wages of individuals.** (a) Every  
 4 employer making payment of wages or salaries

5 (1) shall deduct and withhold an amount of tax computed in a manner  
 6 to approximate the amount of tax due on those wages and salaries under this chapter  
 7 for that taxable year;

8 (2) shall remit the tax withheld to the department accompanied by a  
 9 return on a form prescribed by the department at the times required by the department  
 10 by regulation;

11 (3) is liable for the payment of the tax required to be deducted and  
 12 withheld under this section but is not liable to any individual for the amount of the  
 13 payment; and

14 (4) shall furnish to an employee on or before January 31 of the  
 15 succeeding year, or within 30 days after a request by the employee after an employee's  
 16 or individual's termination if the 30-day period ends before January 31, a written  
 17 statement on a form prescribed by the department showing

18 (A) the name and taxpayer identification number of the  
 19 employer;

20 (B) the name and social security number of the employee;

21 (C) the total amount of wages and salary for the taxable year;

22 and

23 (D) the total amount deducted and withheld as tax under this  
 24 chapter for the taxable year.

25 (b) The department shall publish the rate of withholding required by this  
 26 section.

27 **Sec. 43.22.085. Withholding on nonresident partners; composite returns.**

28 (a) Unless otherwise provided by this section, a partnership that is required to file an  
 29 annual information return under subchapter K of the Internal Revenue Code (26  
 30 U.S.C. 701 - 761) shall file a partnership return as prescribed by the department and  
 31 shall report any income, gains, losses, or deductions that are derived from or

1 connected with a source in the state, as determined under this chapter.

2 (b) A partnership that is required to file a return under (a) of this section shall  
3 withhold income tax from a nonresident partner's distributive share of the partnership's  
4 income or a gain, loss, or deduction derived from or connected with a source in the  
5 state at the highest marginal income tax rate applicable to individuals for the taxable  
6 year.

7 (c) Withholding under this section is not required by a partnership that

8 (1) is a publicly traded partnership, as defined in 26 U.S.C. 7704(b)  
9 (Internal Revenue Code); and

10 (2) files with the department an annual information return reporting the  
11 name, address, taxpayer identification number, and other information requested by the  
12 department concerning each unitholder whose distributive share of partnership  
13 income, regardless of source, is more than \$1,000.

14 (d) The department shall adopt regulations that allow a partnership subject to  
15 withholding under this section to file a composite return.

16 **Sec. 43.22.090. Permanent fund tax payment.** The department shall adopt  
17 regulations establishing procedures for an individual eligible for a dividend under  
18 AS 43.23.005 to direct the department to hold all or a part of the amount of the  
19 dividend to pay the tax due under this chapter. The amount held under this section  
20 may not exceed the dividend amount after contributions, garnishments, levies, fees,  
21 attachments, assignments, or other reductions or donations allowed under AS 43.23.  
22 The department shall apply the amount held under this section to tax owed in the  
23 taxable year in which the taxpayer applies for the dividend. The department shall  
24 refund the amount of the dividend not applied against taxes under this section to the  
25 individual who appears on the application for the dividend.

26 **Sec. 43.22.095. Administration.** (a) The department shall adopt necessary  
27 regulations and forms to implement and interpret this chapter, including regulations  
28 and forms for the electronic filing and payment of tax due under this chapter. Federal  
29 regulations issued under the Internal Revenue Code shall be considered persuasive  
30 authority in interpreting any provision of the Internal Revenue Code on which the tax  
31 imposed by this chapter relies, whether or not a federal regulation has been

specifically incorporated into a department regulation, unless the federal regulation

(1) conflicts with a provision of this chapter;

(2) conflicts with a regulation adopted by the department; or

(3) is inconsistent with the purposes of this chapter.

(b) A transaction or payment between related persons must have economic substance, must serve a bona fide business purpose, and must not have occurred for the primary purpose of lowering the tax due under this chapter. The department, after review or audit of a taxpayer's return, may determine whether there is sufficient documentation or whether a transaction or payment meets the requirements of this subsection. If the department determines that the documentation, transaction, or payment fails to meet the requirements of this subsection, the department may adjust the amount of a payment or transaction, disregard the payment or transaction, or make another adjustment necessary for determining the tax under this chapter. If a payment in an amount greater than \$500,000 is made or required to be made from one person to a related person, the related persons shall submit documentation substantiating that the amount of the payment is consistent with 26 U.S.C. 482 (Internal Revenue Code). Payments subject to this subsection include payments for interest, royalties, management fees, services, inventory, tangible personal property, intangible property, and real property.

(c) A tax deficiency assessed by the department under this section is assumed to be correct. A taxpayer has the burden of proving that the tax deficiency is erroneous.

(d) The department shall adjust the income bracket amounts in AS 43.22.010(b) and (c) and the amount of the exemption under AS 43.22.030(b) biennially for inflation from calendar year 2020 using the Consumer Price Index for urban Alaska, prepared by the Bureau of Labor Statistics, United States Department of Labor. The department shall round amounts under this subsection to the nearest \$100 and publish the adjusted amounts.

(e) The tax collected by the department under this chapter shall be deposited into the general fund and accounted for separately.

**Sec. 43.22.100. References to Internal Revenue Code.** (a) Sections 26 U.S.C.

6654, 6662, 6664, 6694, 6695, 6700 - 6702, 6707, 6713, 7201, 7202, 7206, 7207, 7216, 7407, and 7408 (Internal Revenue Code), as those sections read on January 1, 2020, are incorporated by reference as a part of this chapter and, if conflicting, supersede provisions in AS 43.05 and AS 43.10.

(b) When provisions of the Internal Revenue Code incorporated by reference under (a) of this section refer to rules and regulations adopted by the United States Commissioner of Internal Revenue, they are regarded as regulations adopted by the department under this chapter, unless the department adopts specific regulations in their place.

**Sec. 43.22.105. Information released to a banking institution.**

Notwithstanding AS 43.05.230, information on an individual income tax return may be released to a banking institution to verify the direct deposit of an income tax refund or correct an error in that deposit.

**Sec. 43.22.150. Definitions.** In this chapter,

(1) "domicile" means an individual's true, fixed, principal, and permanent home, to which the individual intends to return even if currently living elsewhere; if an individual has two or more homes, "domicile" means the home that the individual regards and uses as the individual's more permanent home; once established, a domicile remains the individual's domicile until the individual demonstrates a real change of intent and moves to a new domicile; indications of domicile include the

(A) location of the place of employment of the individual;

(B) location of real property owned by the individual;

(C) registration and physical location of motor vehicles, planes, boats, and snow machines owned by the individual;

(D) location of a bank account or active checking account of the individual;

(E) address where the individual receives mail;

(F) location of a school where the individual or a member of the individual's immediate family

(i) attends; or



- 1 (ii) receives resident tuition;
- 2 (G) location of an organization of which the individual is a
- 3 member;
- 4 (H) location of a parent, child, grandchild, or great-grandchild;
- 5 (I) location of dental and medical personnel that provide
- 6 services to the individual on a regular or consistent basis;
- 7 (J) filing of a prior year tax return by the individual as a
- 8 resident or nonresident;
- 9 (K) location where an individual is registered to vote;
- 10 (L) location where an individual holds a resident fishing,
- 11 hunting, or trapping license;
- 12 (2) "federal adjusted gross income" has the meaning given to "adjusted
- 13 gross income" in 26 U.S.C. 62;
- 14 (3) "fiduciary" means a guardian, trustee, executor, administrator,
- 15 receiver, or conservator or a person, whether individual or corporate, acting in a
- 16 similar position of special confidence toward another;
- 17 (4) "Internal Revenue Code" means the Internal Revenue Code (26
- 18 U.S.C. 1 et seq.), as amended;
- 19 (5) "irrevocable trust" means a trust or portion of a trust that is not
- 20 subject to a power to revest title in a person whose property constitutes the trust or a
- 21 portion of the trust;
- 22 (6) "nonresident estate" means an estate other than a resident estate or
- 23 part-year resident estate;
- 24 (7) "nonresident individual" means an individual who is not a resident
- 25 of the state for any portion of the taxable year;
- 26 (8) "nonresident trust" means a trust other than a resident trust or part-
- 27 year resident trust;
- 28 (9) "partner" means a partner as defined in 26 U.S.C. 7701(a) (Internal
- 29 Revenue Code) and includes a member of a limited liability company or similar entity
- 30 that is treated as a partnership for federal income tax purposes;
- 31 (10) "partnership" means an entity as defined in 26 U.S.C. 7701(a)

(Internal Revenue Code) and includes a limited liability company and a similar entity treated as a partnership for federal income tax purposes;

(11) "part-year resident estate" means an estate that is a resident of the state for a portion of but not the entire taxable year;

(12) "part-year resident individual" means an individual who is a resident of the state for a portion of but not the entire taxable year;

(13) "part-year resident trust" means a trust that is a resident of the state for a portion of but not the entire taxable year;

(14) "related person" means a person that satisfies the definition of "related persons" in 26 U.S.C. 144 or 147 or a person in a relationship as described in 26 U.S.C. 267(b) (Internal Revenue Code);

(15) "resident estate" means the estate of a

(A) decedent who at the time of death was a resident of the state, regardless of the residence of the fiduciary or beneficiary, if the disposition or administration of the estate is subject to state law; or

(B) person who, at the time of commencement of a bankruptcy proceeding under Title 11 of the United States Code, was a resident of the state;

(16) "resident individual" means an individual who

(A) receives a permanent fund dividend under AS 43.23.005;

(B) receives a tax benefit available only to an individual domiciled in the state; or

(C) is domiciled in the state for the entire taxable year unless the individual maintains a permanent place of abode outside the state and spends, in the aggregate, not more than 30 days during the taxable year in the state;

(17) "resident trust" means a trust or a portion of a trust consisting of property

(A) transferred by will of a decedent who at the time of death was a resident of the state if the disposition or administration of the property is subject to state law; or

(B) of a person who was a resident at the time the property was transferred to the trust if, at the time of the transfer, the trust was

(i) an irrevocable trust;

(ii) a revocable trust and the trust has not become irrevocable; or

(iii) a revocable trust and the trust later became irrevocable at a time the person transferring property to the trust was a resident;

(18) "revocable trust" means a trust or portion of a trust that is subject to a power, exercisable immediately or at a future time, to revest title in a person whose property constitutes the trust or portion of the trust;

(19) "S corporation" means a corporation that has elected to file a federal income tax return under 26 U.S.C. 1361 - 1379 (Internal Revenue Code);

(20) "taxable income" means income taxable under this chapter;

(21) "taxable year" means the calendar year or a fiscal year ending during the calendar year;

(22) "taxpayer" means a person subject to a tax imposed by this chapter.

\* **Sec. 11.** AS 43.23.025(a) is amended to read:

(a) By October 1 of each year, the commissioner shall determine the value of each permanent fund dividend for that year by

(1) determining the total amount available for dividend payments, which equals

(A) the amount of income of the Alaska permanent fund appropriated [TRANSFERRED] to the dividend fund under AS 37.13.145(b) during the current year;

(B) plus the unexpended and unobligated balances of prior fiscal year appropriations that lapse into the dividend fund under AS 43.23.045(d);

(C) less the amount necessary to pay prior year dividends from the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and

1 43.23.055(3) and (7);

2 (D) less the amount necessary to pay dividends from the  
3 dividend fund due to eligible applicants who, as determined by the department,  
4 filed for a previous year's dividend by the filing deadline but who were not  
5 included in a previous year's dividend computation;

6 (E) less appropriations from the dividend fund during the  
7 current year, including amounts to pay costs of administering the dividend  
8 program and the hold harmless provisions of AS 43.23.240;

9 (2) determining the number of individuals eligible to receive a  
10 dividend payment for the current year and the number of estates and successors  
11 eligible to receive a dividend payment for the current year under AS 43.23.005(h); and

12 (3) dividing the amount determined under (1) of this subsection by the  
13 amount determined under (2) of this subsection.

14 \* **Sec. 12.** AS 43.23 is amended by adding a new section to read:

15 **Sec. 43.23.092. Permanent fund dividend individual income tax payment.**

16 In accordance with AS 43.22.090, the department shall prepare the Alaska permanent  
17 fund dividend application to allow an applicant to direct the department to hold all or  
18 part of the amount of the individual's permanent fund dividend for application against  
19 the individual income tax imposed under AS 43.22.

20 \* **Sec. 13.** AS 37.13.140(a), 37.13.145(d), 37.13.145(e), and 37.13.145(f) are repealed  
21 July 1, 2021.

22 \* **Sec. 14.** AS 43.05.085; AS 43.20.012(b), and 43.20.013 are repealed January 1, 2022.

23 \* **Sec. 15.** Section 28, ch. 134, SLA 1992, is repealed.

24 \* **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to  
25 read:

26 APPLICABILITY. AS 43.22, added by sec. 10 of this Act, applies to income received  
27 on or after the effective date of sec. 10 of this Act.

28 \* **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to  
29 read:

30 TRANSITION: REGULATIONS. The Department of Revenue may adopt regulations  
31 necessary to implement this Act. The regulations take effect under AS 44.62 (Administrative

- 1 Procedure Act), but not before the effective date of the law implemented by the regulation.
- 2 \* **Sec. 18.** Section 17 of this Act takes effect immediately under AS 01.10.070(c).
- 3 \* **Sec. 19.** Section 4 of this Act takes effect on the effective date of sec. 2, ch. 16, SLA
- 4 2018.
- 5 \* **Sec. 20.** Sections 1 - 8, 11, 13, and 15 of this Act take effect July 1, 2021.
- 6 \* **Sec. 21.** Except as provided in secs. 18 - 20 of this Act, this Act takes effect January 1,
- 7 2022.